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What's Ahead in Hungary?

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Summary

The odds strongly favor a fundamental shift toward democracy in Hungary's political system during the next six months, along with significant changes in Hungary's domestic and foreign policies. The Communist party is likely to do poorly in next year's multiparty election for the National Assembly and could be forced to accept the role of junior partner in a coalition government comprised mostly of disparate and relatively weak opposition partners. Such a government would face an uphill battle in confronting Hungary's serious economic problems.

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Although it will benefit from a large anti-Communist vote, the opposition is fragmented and does not have substantial mass support. It is backed mostly by intellectuals and professionals; workers view the opposition parties with nearly as much suspicion as they view the Communist party. Moreover, none of the opposition groups have developed detailed economic programs.

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Hungary's single-most important politician will be Communist reformer Imre Pozsgay, who almost certainly will be elected the next President of the country. We

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believe Pozsgay will use his office, which is slated to become significantly more powerful under a new constitution, to push democratic reforms at home and a more pro-Western orientation in foreign policy. We suspect his ultimate goal is neutrality, but he is a canny enough politician to proceed cautiously.

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The increasingly democratic nature of the political system almost certainly will lead to more disputes like those which have already embroiled Hungary with its more orthodox allies, particularly Romania. The shift toward pluralism is not in itself likely to prompt a reaction from the Gorbachev leadership in Moscow, but a popularly elected government may have to choose between risking a Soviet reaction by heeding public calls for neutrality or discrediting itself by following a more cautious foreign policy path.

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DISCUSSION

Decline of the Party

We expect to see a steady decline in the influence of the Communist party over the next six months. It is steadily losing authority and public support. It may not win enough votes in next year's multiparty parliamentary election to form a government, despite the fact that the opposition is badly divided among more than a half-dozen parties. The party's only hope--backed by reformers such as Presidium member Imre Pozsgay--to have a shot at winning a plurality is to transform itself into a social democratic-style organization at its Congress on 6 October. [REDACTED]

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The outcome of parliamentary byelections held this summer, however, in which even members of the party's reform wing were soundly defeated by challengers from the nationalistic and populist Democratic Forum, suggests that voters will treat the election as a referendum on Communism and exercise their first opportunity in 40 years to vote against the Communists. The odds still favor a reformist triumph at the Congress, but the poor showing of the party's reformers in the byelections may buck up the conservative forces led by General Secretary Grosz. If the conservatives rally, Grosz may be able to preserve his role in the leadership by striking a deal with party chairman Rezso Nyers. Nyers is reform oriented, but he may be prepared to tolerate the continued presence of discredited apparatchiks like Grosz in order to insulate the party from orthodox critics at home and abroad. [REDACTED]

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Such a compromise, however, is unlikely to preserve either the influence of the party or its orthodox wing for long. Pozsgay and the party's most reform-minded members almost certainly would bolt and start their own organization. This would undoubtedly lead to a rout of the party's candidates in the election and might eliminate the party from the next government. Orthodox bureaucrats in the military, police, and economic ministries will remain in place for the time being but are unlikely to be able to reverse the tide without popular legitimacy or backing from the Soviets, and the latter is unlikely as long as Gorbachev remains in power. [REDACTED]

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Rise of Pozsgay

Pozsgay is likely to be elected President of Hungary within the next three months. Through the new powers of that office--likely to include the right to call elections, to name the Premier, and to be commander-in-chief of the armed forces--and the force of his own personality, he almost certainly will become

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Hungary's most important leader. Even if he runs as a Communist--which is far from certain at this point--he is committed to Hungary's democratic transformation and is unlikely to use his powers to preserve the party's prerogatives. There is no chance of this if discredited apparatchiks--and personal rivals--such as Grosz maintain important positions in the party. We believe, based on both his record and good reporting of numerous personal conversations, that Pozsgay is largely anti-Soviet in outlook, and we think he would use his position to promote Hungary's reorientation toward the West. He would probably look for early signs of US support, such as an invitation to visit Washington, to buttress his position. He would also use progress toward democracy to argue that Hungary should be treated at least as generously as Poland by the West. [REDACTED]

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The Opposition

At this stage, the scales are weighted against any of the major and minor opposition parties being able to assume a dominant role. The opposition's main source of support is intellectuals and white collar professionals. Its most notable failure has been its inability to expand its base of support to workers, who are deeply suspicious of its intellectual composition and the market-oriented reforms many opposition leaders favor. A recent Gallup poll found that only 10 percent of those questioned felt that the opposition could do a better job of solving the country's problems than the present government. Popular support for a new government is likely to be uncertain and dependent largely on the government's ability to maintain living standards. [REDACTED]

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Moreover, the opposition is divided into more than half a dozen groups, some of which are closer in outlook to the reform wing of the Communist party than to other opposition groups. Indeed, the fading hopes of the Communists are pinned to the calculation that the divisions among the many opposition groups will prevent them from cooperating effectively and enable the Communists to emerge from the elections with a plurality and in a position to dominate a coalition. [REDACTED]

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The one opposition party with a chance to dominate the stage is the Democratic Forum. The Forum's populist and nationalist platform is based on the preservation of Hungarian cultural, ethnic, and linguistic values and plays particularly well in the countryside, where its strident denunciations of Romania's mistreatment of its Hungarian minority strikes an emotional chord. Its superior organization and fast start in the byelections raise the possibility that it may be able to sweep the opposition vote. If it can, it could win enough votes to form a government of its own or at least serve as the senior partner in a coalition with the Communists. [REDACTED]

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A victory by the Forum could prove to be a mixed blessing for the West. Several of the Forum's leaders maintain close friendships with reform Communists, such as Pozsgay--who served as the Forum's chief protector in the regime before opposition groups were legalized--and Premier Miklos Nemeth. Some Forum leaders already are on record as being willing to consider a post-election coalition with a reformed Communist party. Some of the Communist party's most uncompromising critics argue that the Forum's commitment to a market economy and to closer ties with the West are suspect. Indeed, one of the factions within the Forum appears to be comfortable with heavy doses of socialism in the economy and a foreign policy that, while clearly anti-Soviet, would be more isolationist than pro-Western. []

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Implications for the US

The United States, on balance, probably will continue to benefit from Hungary's evolution toward democracy at least over the next year or so. Orthodox forces do not have enough support to halt the evolution by political means and Soviet willingness to tolerate Hungary's domestic reforms probably rules out the successful use of military force to halt or roll back liberalization. Worker unrest could sidetrack liberalization, but we do not think economic problems will become severe enough by next year to energize Hungary's still largely apolitical workforce. []

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Policy drift--and the deferral of tough economic choices to the future--is a good possibility, even after the parliamentary election. The opposition may not emerge with more of a mandate for fundamental change than the Communists now have. The quest for Western support, however, is likely to be one goal on which any likely government will be able to reach a consensus. []

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Neutrality is likely to become a more real policy option. Almost all of the important political groups, including the reform communists, share the conviction that Hungary should eventually become neutral; they disagree only over how quickly and in what manner neutrality should be obtained. We believe popular pressure for neutrality will build and that any popularly elected government will have to raise the issue with Moscow within the next two years or risk discrediting itself. We think a unilateral declaration of neutrality is unlikely--the Soviet position remains that Warsaw Pact membership is required as long as NATO exists--but Budapest probably will become increasingly insistent on the withdrawal of all Soviet troops from Hungarian territory and the creation of a looser Warsaw Pact organization, which will enable the government to claim progress on the issue. []

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As Communism wanes, traditional nationalist feelings are likely to emerge more clearly. Popular pressure to take more

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decisive steps against Romania will grow, and Hungary almost certainly will attempt to orchestrate Western pressure against Bucharest at the UN and elsewhere. Indeed, Romania-bashing will probably become a standard part of the political backdrop and contribute to the visible erosion of the "Soviet bloc."

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